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T.R.A. DOCKET ROOM

July 1, 2004

Pat Miller, Chairman  
Tennessee Regulatory Authority  
460 James Robertson Pkwy  
Nashville, TN 37243-0505

*Via Hand Delivery*

Attention: Sharla Dillon, Docket Manager

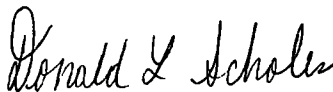
Re Petition of On-Site Systems, Inc. To Amend Its Certificate of Convenience and  
Necessity  
Docket No. 03-00329

Petition of Tennessee Wastewater Systems, Inc. To Amend Its Certificate of  
Convenience and Necessity  
Docket No. 04-00045

Dear Chairman Miller

I have enclosed for filing the original and fourteen copies of the Pre-Filed Direct Testimony of Charles Pickney, Jr. in this consolidated matter. Please return the extra copy to me stamped filed. Thank you for your assistance in this matter.

Sincerely yours,



DONALD L. SCHOLES

Enclosures

c: Charles Pickney, Jr.  
Mark Jendrek  
Charles B. Welch, Jr.  
G. Scott Thomas

BKSJ File No. 04-189

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**IN RE:**

**PETITION OF ON-SITE SYSTEMS, INC. TO  
AMEND ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY**

**Docket No. 03-00329**

**and**

**PETITION OF TENNESSEE WASTEWATER  
SYSTEMS, INC. TO AMEND ITS  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY**

**Docket No. 04-00045**

**PRE-FILED DIRECT TESTIMONY OF CHARLES PICKNEY, JR.**

1 Q. State your name for the record and your position with the Petitioner, Tennessee  
2 Wastewater Systems, Inc.

3  
4 A. Charles Pickney, Jr. I am the President of Tennessee Wastewater System, Inc.

5  
6 Q. What is the business of Tennessee Wastewater Systems, Inc. (the Company)?

7  
8 A. Providing affordable wastewater service in communities where it is presently  
9 unavailable.

10  
11 Q. When did the Company receive its first certificate from the Authority to operate a sewer  
12 system in Tennessee?

13  
14 A. April 4, 1994

15  
16 Q. How many certificates has the Company received from the Authority to provide sewer  
17 service across the State of Tennessee?

18  
19 A. 48  
20

1  
2 Q. Does the Company have the management, technical and financial ability to provide  
3 wastewater service in the areas sought in the Petitions in this consolidated docket?  
4

5 A. Yes.  
6

7 Q. Has the Authority already determined that you have the management, technical and  
8 financial ability to provide wastewater service within the areas sought in these  
9 consolidated dockets?  
10

11 A. Yes, I believe it has. On March 24, 2004, the Authority granted to the Company a  
12 certificate to provide wastewater services to the unincorporated area of Sevier County  
13 except the area presently being served by East Sevier County Utility District, those areas  
14 presently within the city limits and planned growth areas of Sevierville, Pigeon Forge,  
15 Gatlinburg and Pittman Center, the Valley Mart Exxon (3201 Wears Valley Road) and  
16 Cove Mountain Realty (3174 Wears Valley Road). In issuing this Order the Authority  
17 found that the present and future public convenience and necessity required the grant of  
18 the certificate sought.  
19

20 Q. Why did the Company seek to amend its certificate to include the area within the urban  
21 growth boundaries of the City of Pigeon Forge which the Authority has docketed as  
22 Docket No. 04-00045?  
23

24 A. The Company intended to include the geographic area within the urban growth  
25 boundaries of the City of Pigeon Forge with the Petition filed in Docket No. 03-00329.  
26 Prior to filing this Petition, I had met with representatives of the City of Pigeon Forge and  
27 understood that the City had no objection to my including the City's urban growth  
28 boundaries within the scope of the certificate sought. This is why I submitted the  
29 February 12, 2003 letter from John Jagger, City of Pigeon Forge Community  
30 Development Director, with this Petition which indicates the City has no objection to the  
31 Company including the City's urban growth boundaries in this Petition. When I prepared  
32 the description of the geographic area sought in this Petition, I simply failed to include the  
33 area within the City's urban growth boundaries in the description.  
34

35 Q. Prior to filing its Petition to serve in Sevier County in this proceeding, had the  
36 Company previously received certificates to provide sewer service in Sevier County?  
37

38 A. Yes. The Company has been authorized to provide sewer service to the following areas  
39 in Sevier County: Ussery #1, Hidden Springs Resort, Eagle Crest, Dream Catcher Ridge,  
40 Homestead, Eagle Springs, Starr Crest II, Eagle Crest II, Eagle Crest Resort, Gnatty  
41 Branch Retreat, Falling Waters, the Highlands, and Black Bear. Most of these areas are  
42 located within the urban growth boundaries of the City of Pigeon Forge which is the area  
43 sought in Docket No. 04-00045. A real need exists for wastewater service within the  
44 City of Pigeon Forge's urban growth boundaries.  
45

1 Q. When the Company filed its Petition in Docket No. 03-00329, as amended by the Petition  
2 in Docket No. 04-00045, why did the Company request authority to provide sewer service  
3 in all of the unincorporated area of Sevier County with the exceptions set forth in the  
4 Petition?

5  
6 A. The Company has filed several applications for certificates with the Authority for large  
7 geographic areas as well as for individual subdivisions and developments. The Company  
8 has found that applying for larger geographic territories provides a greater benefit to the  
9 public. The approval of such certificates to the Company allows residential and  
10 commercial developers to move forward in a timely fashion with proposed developments.  
11 When a developer seeks to obtain approval of a development from a local planning  
12 commission, one of the first steps in the approval process is providing a sewer availability  
13 letter to the planning commission from a sewer provider. The Company can issue such a  
14 letter in short order when it has already been authorized to provide sewer service within  
15 the geographic area covered by the development. When the Company must file an  
16 application with the Authority for a certificate for a particular development, a rather long  
17 delay can result between the time a developer requests service and a sewer availability  
18 letter can be provided. Such a delay is not in the public interest. For example, the  
19 Company filed its Petition for a certificate in Docket No. 03-00329 on September 24,  
20 2003. The Order granting the Petition was not issued until March 24, 2004. In addition,  
21 filing for larger geographic territories decreases the costs the Company must incur in  
22 getting multiple certificates in the same general area. Each certificate proceeding has  
23 costs associated with it which ultimately increases the cost of providing sewer service to  
24 the Company's customers.  
25

26 Q. Has the Company received certificates from the Authority for large geographic areas in  
27 which the Company has been authorized to serve areas larger than a particular  
28 development?

29  
30 A. Yes.  
31

32 Q. Can you describe the areas in which you have received such certificates?  
33

34 A. The geographic area encompassed by the River Road Utility District in Cheatham  
35 County; all of Stewart County with the exception of the City of Dover; the geographic  
36 area encompassed by Milcrofton Utility District and the Goose Creek Area in Williamson  
37 County, the City of Coopertown (56 square miles) in Robertson County; the Tims Ford  
38 State Park Area which encompasses approximately 1/3 of Franklin County; the Paris  
39 Landing area in which encompasses most of the geographic area of Northeast Henry  
40 County Utility District.  
41

42 Q. What has your experience been with the Company's ability to meet the sewer needs of the  
43 public in areas in which you have been granted certificates to serve larger geographic  
44 areas?

- 1 A. I know of no unmet needs where the party desiring service has been willing to finance the  
2 capital costs required for the system and to abide by the rules and regulations for service  
3 approved by the Authority. The Company has been to make sewer service available in a  
4 much more timely fashion because it has not been required to obtain a certificate from the  
5 Authority for each specific development in such areas.  
6
- 7 Q. Since the Authority issued a certificate to you in Docket No. 03-00329, how many  
8 potential developers and customers have contacted you about providing sewer service  
9 within Sevier County?  
10
- 11 A. I don't know the exact number, but I know of at least five with whom we have begun  
12 working.  
13
- 14 Q. Does the Company intend to provide sewer service within the City of Pigeon Forge or in  
15 any area currently served by the City?  
16
- 17 A. No.  
18
- 19 Q. If the Authority issues a certificate to the Company authorizing it to provide sewer service  
20 within the urban growth boundaries of the City, will the Company seek to provide sewer  
21 service in areas annexed by the City?  
22
- 23 A. No. I understand that the City has the prior right to provide utility services in any  
24 territory it annexes. More importantly, the Company does not seek to provide sewer  
25 service to any area where a city is able to provide sewer. There is so much unmet need  
26 for sewer service across the state that it makes no sense for the Company to want to serve  
27 in an area where a city can provide the needed service.  
28
- 29 Q. If the City seeks to provide sewer service within its urban growth boundaries in an area  
30 which it does not annex, will the Company object to the City providing such service?  
31
- 32 A. No. Again, the Company does not seek to provide sewer service in areas where a city is  
33 able to provide sewer service.  
34
- 35 Q. Is the Company willing for the Authority to include language in its order granting the  
36 certificate to specifically allow the City the right to serve in any areas unserved by the  
37 Company within the scope of the certificate?  
38
- 39 A. Yes.  
40
- 41 Q. East Sevier County Utility District (the District) has intervened in this case. How does  
42 the grant of the certificates sought in this consolidated proceeding adversely affect the  
43 District?  
44

1 A. I do not see how the grant of the certificates sought in this proceeding adversely affects  
2 the District. The Company has excluded areas served by the District from the proposed  
3 certificated service areas the Company seeks. If the District has the authority to provide  
4 sewer service, the District has the exclusive right to provide sewer service within its  
5 boundaries. I understand the Authority cannot issue a certificate to the Company or any  
6 other private sewer utility to serve within the boundaries of the District unless the Sevier  
7 County Mayor makes a determination that the public convenience and necessity requires  
8 other or additional sewer service. If the District desires to provide sewer service within  
9 any area the Company or any other private utility has been authorized to provide sewer  
10 service, I understand that District can expand its boundaries to provide such service by  
11 filing a petition with the Sevier County Mayor to do so.  
12

13 Q. Does this conclude your pre-filed testimony?  
14

15 A. Yes it does.  
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the above and foregoing Pre-Filed Direct Testimony of Charles Pickney, Jr. has been served upon the following persons on this \_\_\_\_ day of June, 2004 by U.S. Mail, postage prepaid:

Mark Jendrek  
Mark Jendrek P.C.  
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DONALD L. SCHOLLES